

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]",etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	China
Factory name	36021568C
IEM	SGS-CSTC Standard Technical Services Co., Ltd
Date(s) in facility	8th ~10th November, 2004
PC(s)	Nike, Inc. and Puma
Number of workers	147
Product(s)	Gloves
Production processes	Cutting & Die Cutting-- Sewing-- Ironing-- Packing

		Findings						Remediation					Updates			
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation (If finding was corroborated/verified through multiple sources, list all sources)	Was Finding Corroborated? Yes or No	If not corroborated, explain why	Best Practice	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up (03/10/05 & 04/27/05)	Documentation	Company Follow up (05/09/05)	Documentation	Company Follow up (09/01/05)	Documentation
1. Code Awareness																
Confidential non-compliance reporting channel	NIL	FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	There was no secure communications channel for the workers to report to Puma on non-compliance with the workplace standards, such as post the compliant phone number on site.	Based onsite overservation, we noticed that the COC code of Puma posted on the wall did not have any sufficient way for workers to report the non-compliance. And The worker interviews and manager interviews also confirmed this.	Yes.		The Nike Code posted on the wall has identified the confidential contact person name and mobile phone number.	Puma will place sticker labels on the Code of Conduct posters indicating the contact information (name, number and email address) for workers to report non-compliance issues. Workers to be given briefing on this.	Apr. 30, 2005		No update from Nike 4/27/05		PC follow up verified that Puma code of conduct poster is posted on the factory floor with Puma local contact information. 5/9/05		Factory trained workers on PC's Code of Conduct last March 2005.	Worker training materials
2. Forced Labor																
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise																
Employment Records	China Labor Law, Article 16: A labor contract is the agreement reached between a laborer and an employing unit for the establishment of the labor relationship and the definition of the rights, interests and obligations of each party. A labor contract shall be concluded where a labor relationship is to be established.	Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	13 employees who have retired and employed by the factory again did not get a copy of the labor contract they signed with factory. It violated the clause 16 of China Labor Law.	Manager and worker interview.	Yes			Prepare employment contract for all employees complete with all the details required under Sec. 19 of the China Labour Law; and signed by both the worker and factory. Give a copy of the contract to the worker not later than one week from the date of employment. Brief workers on the importance of the contract and its contents.	Mar. 31, 2005		Those employees who have retired and re-employed by the factory have got copies of the labor contracts they signed with factory 3/10/05	Two of the workers were interviewed and they showed their contracts to the auditors.	No such employees identified as the factory is shut down, therefore there are only a few workers on site. 5/9/05		There were less than 100 workers at the factory at the time of inspection. Auditors interviewed two sets of workers.	
3. Child Labor																
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																
4. Harassment or Abuse																
Every employee will be treated with respect and dignity. No employee will be subject to any physical sexual, psychological or verbal harassment of abuse.		No employee will be subject to any physical sexual, psychological or verbal harassment of abuse.														
5. Nondiscrimination																
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																
6. Health and Safety																
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities																
Fire Safety Health and Safety legal compliance	China Fire Prevention Law, Article 10: The completed construction project must comply with fire protection design following to the state construction fire protection technical standards and must be delivered for acceptance inspection by Fire Protection Bureau, those which are not inspected or fail to pass the inspection may not be delivered for use. China Construction Law, Article 61(partly and abbreviated) All buildings shall get Building Structure Certificate before it come to use.	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits	The factory could not provide Building Structure Certificate and Fire Prevention Certificate for the production buildings. It violated the clause 61of China Construction Law and clause 10 of China Fire Prevention Law.	The manager interviews also confirmed that they did not have those certificates.	Yes			Secure building occupancy permit; electrical and fire safety certificates and other certificates required by law for the operation of special machines such as elevators, boilers, etc. Post copy in the office and at or near the special machine.	Apr. 15, 2005		No change 3/10/05		PC follow up, no improvement on this item. 5/9/05		Building permit obtained, which includes fire and electrical safety. Boiler permit not obtained as factory decided to stop its use.	Permit, management interview
PPE	Code on Health and Safety at Factory, Clause 74: Personal protective equipment shall be provided in accordance with the hazards of work. China Labor Law, Clause 54: The employing unit must provide laborers with occupational safety and health conditions conforming to the provisions of the State and necessary articles of labor protection, and provide regular health examination to	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as: inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Die cutting operators did not wear ear plug while working. It violated the clause 54 of China Labor Law and clause 74 of Code on Health and Safety at Factory.	Onsite observation and worker & manager interviews also confirmed this.	Yes			Provide ear plugs to operators. Brief operators and supervisors on the importance and proper use of the ear plugs. Make it part of the topics in briefing new workers. Enforce use consistently.	Apr. 15, 2005		No update because the workers in the die-cutting dept. were taking the downtime during the period of the audit. 3/10/05		PC follow up was unable to verify because cutting section is shut down without any workers. Future follow up needed. 5/9/05		Briefing on PPE conducted twice. PPE provided. Workers were wearing PPE during visit	Training documentation, observation
7. Freedom of Association and Collective Bargaining																
Employers will recognize and respect the right of employees to freedom of association and collective bargaining																

FLA Code/ Compliance issue	Country/Legal Reference	Findings						Remediation					Updates			
		FLA Benchmark	Monitor's Findings	Documentation (If finding was corroborated/verified through multiple sources, list all sources)	Was Finding Corroborated? Yes or No	If not corroborated, explain why	Best Practice	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up (03/10/05 & 04/27/05)	Documentation	Company Follow up (05/09/05)	Documentation	Company Follow up (09/01/05)	Documentation
		FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective														
8. Wages and Benefits																
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits																
Legal benefits	China Labor Law, Article 72: The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law.	Employers will provide all legally mandated benefits to all eligible workers	The managers said they did provide all employees the social insurance in accordance of local law, but they paid amount of money to the local labor bureau for insurance in advance at the beginning of a year, and make financial supplement on the end of the year. So the distribution of the social insurance could not be identified until the end of this year.	The invoice of payment social insurance also proved what the managers told. But the local labor bureau did not provide any waiver for this, they just call the factory.	No	The time restriction.		Indicate the corresponding amount for each kind of social insurance required by law when making payment for social insurance. Supplementary payment at the end of the year should likewise indicate the item of social insurance paid for.	Apr. 15, 2005		By the end of the year 2004, total 147 employees in the factory. All workers were provided with the social insurance, except 14 employees who have retired and re-employed by the factory. According to the law the factory does not have to provide insurance for this type of worker. 3/10/05	Employee namelist and Jiangshu province social insurance payment voucher.	PC follow up verified social insurance with the receipt provided by the local government. 5/9/05			
Wage Benefits Awareness		Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law	[W]orkers did not understand the detail social insurance the factory provided to them, and they also did not understand which type of social insurance the factory provided to them.	The managers said they had provided trainings to all employees on wage and benefits, including social insurance, and relevant training records also were checked during audit.				Include the item of social insurance (with description of the different kinds of social insurance and the benefits under each kind) together with all legal and company provided benefits as part of the briefing of every new worker. Post such details on bulletin boards.	Apr. 30, 2005		The factory provided the trainings to all employees on wage and benefits and also social insurance. Relevant training records also were checked during audit. It was found in the employee interview that [some of the] sampled workers did not clearly know the benefits entitled. 3/10/05	Worker interviews, training material, training schedule, trainee namelist and their signatures, pictures of the class	PC follow up visit. Unfortunately, due to the minimal orders in the factory, there were only a few workers on site. A few workers were interviewed and it was found there is still more training needed about benefits. More follow up needed. 5/9/05	Worker interviews. Training documentation	Worker interviews verified clear awareness of company obligation for social insurance, however the employee obligation is not clearly understood by workers interviewed. However, some workers were found to not have a clear understanding of the new bonus system implemented by factory in compliance with Nike's	
9. Hours of Work																
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period																
Overtime Limitations	China Labor Law, Article 41: The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed 36 hours.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	The overtime in peak season was 76 hours at most, it is violated the clause 41 of China Labor Law. A notebook of production record available in cutting workshop showed that employees have worked on 28th February, 27-28 April, 6th May, 8th, 15th, on July.	Permit for tak[ng] less than 80 hours overtime per month from Local Labor Bureau, working time records, manager and worker interviews.	No	The workers interviewed could not remember the working so long ago, and the managers said it was wrong.		a. Formulate a policy regarding hours of work. The policy should indicate that all working hours / days should be properly recorded; observe the limit set by law for overtime hours; and permit should be obtained from the Labor Bureau should extra overtime hours be necessary. Communicate the said policy to all employees b. Determine the factors causing the need for extra overtime hours or work on rest day and institute corrective measures to minimize them.	Apr. 30, 2005		According to the time records provided by the factory, during the peak season (June to Sept., 2004) the majority of the line workers worked OT more than the legal limit. The OT waiver is invalid, because the government department the factory got the waiver from has no authority to issue the waiver. Telephone confirmation from the local labor bureau, X district labor and security bureau and labor practice supervision department. 4/27/05	Time cards, payroll ledger, payroll lists, management.	PC follow up. The time records in May 2005 not completed, some supervisors worked during May 4-6 but not indicated on time records. Daily production records were not provided by the factory. More follow up needed. 5/9/05		Monthly production records were provided. No overtime in excess of Code of Conduct found in all records. Despite minimal orders and a minimal workforce (many workers have resigned due to the lack of available work), the factory still applied for a permit for extended overtime hours from the local government.	Production records, time rate records, payroll. Overtime permit
10. Overtime Compensation																
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																
Miscellaneous																